

Message Text

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PAGE 01 BONN 06873 01 OF 02 140302Z
ACTION EUR-12

INFO OCT-01 ISO-00 FRB-03 CEA-01 AID-05 CIAE-00
COME-00 EB-08 INR-10 NSAE-00 ICA-11 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 PA-01 /092 W
-----003736 140340Z /64

R 140252Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7667
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

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USEEC AND USOECD
DEPARTMENT PASS FRB AND CEA

E.O. 11652: N/A
TAGS: ECON, EFIN, GW
SUBJECT: NEW ORDERS IN JANUARY AND FEBRUARY

1. THE DEVELOPMENT OF NEW INDUSTRIAL ORDERS SO FAR THIS YEAR WAS DISAPPOINTING. ACCORDING TO AN ECONOMICS MINISTRY CONTACT, THE SEASONALLY ADJUSTED OVERALL INDEX OF THE VOLUME OF NEW ORDERS (1970 EQUALS 100), WHICH HAD DECLINED SHARPLY FROM 123 (REVISED) IN DECEMBER TO 114 IN JANUARY, DROPPED FURTHER TO 112 IN FEBRUARY, ACCORDING TO PRELIMINARY FIGURES. THE MONTH-TO-MONTH DECLINE IN FEBRUARY WAS DUE EXCLUSIVELY TO WEAKENING DOMESTIC DEMAND, PARTICULARLY FOR CAPITAL GOODS, WHEREAS EXPORT ORDERS IN FEBRUARY SLIGHTLY EXCEEDED THEIR DOWNWARD-REVISED JANUARY LEVEL.

2. A COMPARISON OF THE TWO-MONTH PERIOD JANUARY/
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PAGE 02 BONN 06873 01 OF 02 140302Z

FEBRUARY WITH NOVEMBER/DECEMBER SHOWS A 5.8 PERCENT DECLINE IN TOTAL NEW ORDERS. BY THIS MEASURE, EXPORT ORDERS DROPPED BY 7.6 PERCENT; DOMESTIC ORDERS DECREASED SOMEWHAT LESS, I.E., BY 4.6 PERCENT, WITH A 3.4 PERCENT GAIN IN DOMESTIC ORDERS FOR CONSUMER GOODS PARTIALLY OFFSETTING A 10.9 PERCENT DECLINE IN NEW DOMESTIC ORDERS FOR CAPITAL GOODS.

3. IN EVALUATING ORDER DEVELOPMENTS IN EARLY 1978 OVER LATE 1977, THE MINISTRY POINTED OUT THAT ORDERS LATE LAST YEAR WERE INFLATED BY SPECIAL FACTORS, PARTICULARLY BY SIZEABLE MILITARY PROCUREMENT. FACT REMAINS, HOWEVER, THAT ORDERS IN JANUARY/FEBRUARY NOT ONLY FELL SHORT OF THOSE RECORDED IN NOVEMBER/DECEMBER BUT ALSO FAILED TO MATCH SEPTEMBER/OCTOBER LEVELS.

4. FOLLOWING BELOW ARE TABLES SHOWING PRELIMINARY ORDER VOLUME DATA FOR FEBRUARY, ALONG WITH REVISED EARLIER MONTHS' FIGURES IN THE SERIES.

TABLE I
NEW ORDERS VOLUME
SEASONALLY ADJUSTED (1970 EQUALS 100)

1977	TOTAL	DOMESTIC	FOREIGN
JAN	108	101	136
FEB	110	100	138
MAR	113	101	151
APR	112	100	144
MAY	110	99	144
JUNE	109	99	140

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PAGE 03 BONN 06873 01 OF 02 140302Z

JULY	106	99	130
AUG	111	100	145
SEPT	113	106	133
OCT	116	106	150
NOV	117	106	150
DEC	123	113	154

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PAGE 01 BONN 06873 02 OF 02 140300Z

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JAN	114	107	139
FEB	112	102	142

TABLE II
 DOMESTIC CAPITAL AND CONSUMER GOODS
 NEW ORDERS VOLUME
 SEASONALLY ADJUSTED (1970 EQUALS 100)

1977	CAPITAL GOODS	CONSUMER GOODS
----	-----	-----
JAN	102	102
FEB	101	100
MAR	100	100
APR	98	102
MAY	96	101
JUNE	98	101

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PAGE 02 BONN 06873 02 OF 02 140300Z

JULY	99	103
AUG	100	110
SEPT	107	106
OCT	111	103
NOV	116	100
DEC	123	104
1978		

JAN	111	109
FEB	102	102

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